
From: Sentman, Jeremy
Sent: Thursday, January 30, 2020 1:43 PM EST
To: jcj3@bluestone-coal.com; Steve Ball; Diers, Clinton; Beggs, Brian
Subject: RE: Game plan
Attachments: Amended Side Letter Agreement - Justice (1-30-20).pdf

Jay and Steve,

Thank you for your e-mail below.

Please note that your e-mail below will not serve as an agreement, amendment or any other revision to the existing March 26, 2018 Agreement, Amendment No. 1 To Agreement Dated March 26, 2018 or Side Letter Agreement dated May 1, 2019 currently in place between Lexon and the Justice Companies.

Attached, please find an Amended Side Letter Agreement Dated January 30, 2020 that sets forth the agreed upon terms.

Please have the letter executed and returned to me with a copy to Brian.

Once we have all the required signatures (including James C. Justice II), Brian will execute and I will forward a fully executed copy of the Amended Side Letter Agreement Dated January 30, 2020 to you.

Please be advised that until this Amended Side Letter Agreement Dated January 30, 2020 has been fully executed by all parties, the existing March 26, 2018 Agreement, Amendment No. 1 To Agreement Dated March 26, 2018 and Side Letter Agreement dated May 1, 2019 remain in full force and effect and that no prior verbal discussions, e-mails or other communications shall have served to modify, change or otherwise altered those existing agreements.

Please let me know if you have any questions.

Thank you.

Jeremy



Jeremy T. Sentman, Esq, PE, PLS

Senior Vice President

Head of Surety Claims

[12890 Lebanon Road](#)

[Mt. Juliet, TN 37122](#)

Direct Tel [+1-312-994-5473](#)

Mobile [+1-630-514-9471](#)

Email: jsentman@sompo-intl.com

From: jcj3@bluestone-coal.com <jcj3@bluestone-coal.com>

Sent: Wednesday, January 29, 2020 1:55 PM

To: Steve Ball <steve.ball@bluestone-coal.com>; Diers, Clinton <clint.diers@marshmma.com>; Beggs, Brian <bbeggs@sompo-intl.com>; Sentman, Jeremy <JSentman@sompo-intl.com>

Subject: Game plan

EXTERNAL SENDER

All, Since we do not have the formal documents back from Sompo council. This email should serve as our agreement so that the parties can process payments at Jan 31.

- Justice will make a 250,000 per month premium payment for the next 6 months. This is up from 200,000 per month.
- Justice will not make any collateral payments monthly for now.
- The existing collateral 5.750M will be used to curtail the bond exposure. Justice has provided it's plan to attack and reduce the liability. Justice thinks 5.75M gets rid of around 38M in Bond.
- Collateral disbursements to be administered by Sompo.
- Justice to send Sompo a list of first bonds to attack on the list in the upcoming days for Sompo approval.
- Formal documents to be exchanged and executed. Documents being prepared by Sompo council.

Thanks Jay.

P.S. - Justice will be making the

250,000 premium payment on Friday January 31st per the agreement.

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**SOMPO
INTERNATIONAL**

INSURANCE

January 30, 2020

Collateral Justice Companies
Attn: James C. Justice III
302 S. Jefferson Street
Suite 600
Roanoke, Virginia 24011

and

Attn: Stephen W. Ball
General Counsel
302 S. Jefferson Street
Suite 600
Roanoke, Virginia 24011

James C. Justice II
208 Dwyer Lane
Lewisburg, West Virginia 24901

JANUARY 30, 2020 AMENDED SURETY SIDE LETTER AGREEMENT

RE: Agreement Dated March 26, 2018

Dear Sirs:

This January 30, 2020 Amended Surety Side Letter Agreement (“Amended Side Letter Agreement”) supersedes and replaces in its entirety the May 1, 2019 Surety Side Letter Agreement.

Pursuant to the March 26, 2018 Agreement as amended by Amendment No. 1 dated as of February 4, 2019 (the “Agreement”) and in consideration of the terms and conditions of this Amended Side Letter Agreement and other good and valuable consideration herein acknowledged as received, James C. Justice Companies, Inc., Southern Coal Corporation, Kentucky Fuel Corporation, Justice Family Group, LLC and Mechel Bluestone, Inc., (collectively, “Collateral Justice Companies”), Beech Creek Coal Corp. (“Beech Creek”) and Lexon Insurance Company (“Lexon”) agree to the following:

- 1) Beginning with the January 2020 Premium Payment (due on or before January 31, 2020) the Collateral Justice Companies and Beech Creek shall pay \$250,000 on or before the last day of each month and continuing for the next five months through the June payment. Thereafter, beginning with the July 2020 payment, the monthly Premium Payment due will

Sompo International Insurance
12890 Lebanon Road, Mt. Juliet, TN 37122, U.S.
+1.625.553.9500

revert back to \$200,000 as required under the Agreement. The Parties agree that all outstanding Total Indebtedness continues to remain due and owing.

- 2) The obligation to make Collateral Payments is suspended for six months. Monthly Collateral Payments of \$250,000 payable on the last day of each month shall recommence with the July 2020 Collateral Payment. The Parties agree that all outstanding Collateral Payments obligations continue to remain due and owing.
- 3) Given that the New Collateral as set forth in Paragraph 2) of the Agreement has not been delivered to Lexon as required, the Parties agree that without Lexon waiving any rights the schedule of Additional Collateral Payments as set forth in Paragraph 2) d) is revised as follows:
 - i. The Collateral Justice Companies and Beech Creek, jointly and severally, agree to pay Lexon an amount equal to Ten Million U.S. dollars (\$10,000,000) less any Collateral Payments previously made including any partial Collateral Payment, less any Additional Collateral Payment previously made. Such payment shall be due on or before October 1, 2020.
 - ii. To the extent that the New Collateral has not been fully delivered to Lexon on or before March 30, 2021, the Collateral Justice Companies and Beech Creek, jointly and severally, agree to pay Lexon an amount equal to Fifteen Million U.S. dollars (\$15,000,000) less any Collateral Payments previously made including any partial Collateral Payment, less any Additional Collateral Payment previously made. Such payment shall be due on or before April 1, 2021.
 - iii. To the extent that the New Collateral has not been fully delivered to Lexon on or before September 30, 2021, the Collateral Justice Companies and Beech Creek, jointly and severally, agree to pay Lexon an amount equal to Twenty Million U.S. dollars (\$20,000,000) less any Collateral Payments previously made including any partial Collateral Payment, less any Additional Collateral Payment previously made. Such payment shall be due on or before October 1, 2022.
- 4) Lexon shall continue to have absolute discretion on the use of the approximately \$5,750,000 in Collateral that has been deposited. In its sole discretion Lexon agrees to use the Collateral in \$500,000 increments to reduce various reclamation obligations, but the amount of Collateral on deposit shall not decrease below \$2,500,000.
- 5) Lexon shall continue to have absolute discretion and authority, but will work with the Collateral Justice Companies and Beech Creek to prioritize the various reclamation obligations.
- 6) On or before February 17, 2020 the Collateral Justice Companies and Beech Creek shall provide Lexon with a listing of suggested permits and bonds to begin funding reclamation activities.

With respect to the above payment obligations, James C. Justice II has also provided certain guarantees as set forth in the Agreement. In addition, nothing herein shall be considered an

January 30, 2020

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amendment or waiver of any of the rights and obligations of James C. Justice II and Lexon under the Amended & Restated Limited Commercial Guaranty dated February 4, 2019.

This Amended Side Letter Agreement supplements the Agreement and constitutes a valid and binding agreement between the parties. This Amended Side Letter Agreement is not intended to otherwise modify the duties and obligations of Collateral Justice Companies, Beech Creek and James C. Justice II or Lexon's rights under the Agreement. To the extent of any conflict between this Amended Side Letter Agreement and the Agreement, this Amended Side Letter Agreement shall prevail. Nothing herein shall constitute a waiver of any of the rights and obligations of the Parties under the Agreement or as a matter of law.

Capitalized terms used but not otherwise defined in this side letter agreement shall have the meaning set forth in the Agreement.

Sincerely,

LEXON INSURANCE COMPANY

JAMES C. JUSTICE COMPANIES, INC.

By: _____
Name: Brian Beggs
Title: CEO

By: _____
Name: James C. Justice III
Title: President

SOUTHERN COAL CORPORATION

JUSTICE FAMILY GROUP, LLC

By: _____
Name: James C. Justice III
Title: President

By: _____
Name: James C. Justice III
Title: Member

James C. Justice II

MECHEL BLUESTONE, INC.

By: _____
Name: James C. Justice III
Title: President

KENTUCKY FUEL CORPORATION

By: _____
Name: James C. Justice III
Title: President

BEECH CREEK COAL CORP.

By: _____
Name: James C. Justice III
Title: President